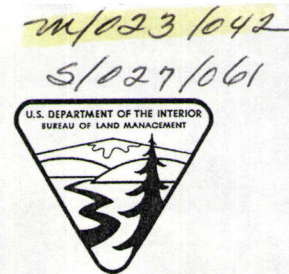




United States Department of the Interior

BUREAU OF LAND MANAGEMENT
HOUSE RANGE/WARM SPRINGS RESOURCE AREA
35 East 500 North
Fillmore, UT 84631



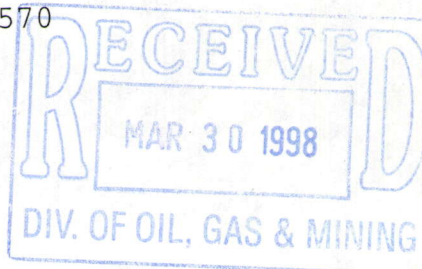
IN REPLY REFER TO:

3800

(U-054)

UTU-072860/UTU-072866

CERTIFIED MAIL # Z 432 442 570
RETURN RECEIPT REQUESTED



March 24, 1997

NEAL JENSEN
MANAGING PARTNER
BEG RESOURCES
PO BOX 361
NEPHI UT 84648

Dear Mr. Jensen:

We are in receipt of your Plan of Operations (Plan) that was faxed to this office on the afternoon of March 20, 1998. Earlier that day, a Notice of Noncompliance (NON) was sent to you, for failure to submit a Plan and a bond for your Dog Valley Limestone Quarry.

The terms of the NON will be considered to have been met when a complete Plan is submitted to this office, and an adequate bond is submitted to the Utah Division of Oil, Gas, and Mining (UDOGM). Your plan is incomplete in that it does not include detailed maps that illustrate the surface disturbance, and in that it does not include a detailed reclamation plan certified by a professional engineer licensed to practice in the State of Utah. The bond must be at least \$2,000 per acre, or fraction thereof. If UDOGM accepts the amount of the bond submitted to them as adequate to reclaim the site as if third-party contractors were performing the reclamation, then you do not have to have the reclamation plan certified by an engineer.

The NON stated that you would be allowed 15 days from receipt to meet the terms outlined within it. You received it on March 21, 1998, and must comply by April 6, 1998, or you will establish a record of noncompliance, and you will then have to cease and desist operations until the Plan is approved and a bond is filed with the BLM. If you continue to operate in noncompliance, criminal charges may be filed, which could result in fines, and/or imprisonment.

You indicated in your March 20, 1998 letter to Tom Munson of UDOGM, that you are having difficulties finding a company that will bond your operation. If you contact this office, we can

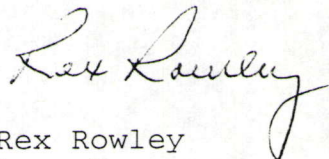
give you the name of a bonding company that provided a bond for an operation similar to yours.

Also, on March 20, 1998, a surface compliance inspection was conducted at the site of Western States Minerals proposed Cove Travertine Operation. The Notice was submitted to this office on June 20, 1995, and serialized UTU-072866. It was accepted on July 6, 1995.

The original claims that were located for the operation were never submitted to the Utah State Office of the BLM, and new claims were located in September, 1995. The Notice should have been amended to reflect the change, but since the recent inspection revealed that no surface disturbing activity has taken place on the claims, we are instead closing the case file. If, in the future, you wish to begin operations at the site, you must file a new notice 15 days in advance.

If you have any questions, please feel free to contact Ron Teseneer at (435)743-3126, or Sheri Wysong at (435)743-3125.

Sincerely,



Rex Rowley
Area Manager

cc: D. Wayne Hedberg, UDOGM (S/023/042, S/027/061)
Terry Steele, 296 N Center, Santaquin UT 84655
Robert Steele, 1055 N 400 E Nephi, UT 84646